

## § 708a.6

vote. The Regional Director will notify the credit union within 30 calendar days of receipt of the credit union's notice of intent to convert if the Regional Director disapproves of the proposed methods and procedures applicable to the membership vote. The credit union's prior submission of the notice of intent does not relieve the credit union of its obligation to certify the results of the membership vote required by § 708a.6 or eliminate the right of the Regional Director to disapprove the actual methods and procedures applicable to the membership vote if the credit union fails to conduct the membership vote in a fair and legal manner.

[63 FR 65535, Nov. 27, 1998, as amended at 64 FR 28735, May 27, 1999]

### § 708a.6 Certification of vote on conversion proposal.

The board of directors of the converting credit union must certify the results of the membership vote to the Regional Director within 10 calendar days after the vote is taken. The board of directors must also certify at this time that the notice, ballot and other written materials provided to members were identical to those submitted pursuant to § 708a.5 or provide copies of any new or revised materials and an explanation of the reasons for the changes.

### § 708a.7 NCUA oversight of methods and procedures of membership vote.

(a) The Regional Director will issue a determination that the methods and procedures applicable to the membership vote are approved or disapproved within 10 calendar days of receipt from the credit union of the certification of the result of the membership vote required under § 708a.6.

(b) If the Regional Director disapproves of the methods by which the membership vote was taken or the procedures applicable to the membership vote, the Regional Director may direct that a new vote be taken.

(c) The Regional Director's review of the methods by which the membership vote was taken and the procedures applicable to the membership vote includes determining that the notice to members is accurate and not mis-

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leading, that all notices required by this section were timely, and that the membership vote was conducted in a fair and legal manner.

### § 708a.8 Other regulatory oversight of methods and procedures of membership vote.

The Federal or State regulatory agency that will have jurisdiction over the financial institution after conversion must verify the membership vote and may direct that a new vote be taken, if it disapproves of the methods by which the membership vote was taken or the procedures applicable to the membership vote.

### § 708a.9 Completion of conversion.

(a) Upon receipt of approvals under § 708a.7 and § 708a.8 of this part, the credit union may complete the conversion transaction.

(b) Upon notification by the board of directors of the mutual savings bank or mutual savings association that the conversion transaction has been completed, the NCUA will cancel the insurance certificate of the credit union and, if applicable, the charter of the federal credit union.

[63 FR 65535, Nov. 27, 1998, as amended at 64 FR 28735, May 27, 1999]

### § 708a.10 Limit on compensation of officials.

No director or senior management official of an insured credit union may receive any economic benefit in connection with the conversion of the credit union other than compensation and other benefits paid to directors or senior management officials of the converted institution in the ordinary course of business.

## PART 708b—MERGERS OF FEDERALLY-INSURED CREDIT UNIONS; VOLUNTARY TERMINATION OR CONVERSION OF INSURED STATUS

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### § 708b.0 Scope.

(a) Subpart A of this part prescribes the procedures for merging one or more credit unions with a continuing credit union where at least one of the credit unions is federally insured.

(b) Subpart B of this part prescribes the procedures and notice requirements for termination of Federal insurance or conversion of Federal insurance to non-federal insurance, including termination or conversion resulting from a merger.

(c) Subpart C of this part sets forth the forms to be used for terminating Federal insurance or converting from Federal insurance to nonfederal insurance.

(d) Nothing in this part shall operate as a restriction or otherwise impair the authority of NCUA to approve a merger pursuant to section 205(h) of the Act.

(e) This part does not address procedures or requirements that may be applicable under state law for a state credit union.

### § 708b.1 Definitions.

(a) *Continuing credit union* means the credit union which will continue in operation after the merger.

(b) *Merging credit union* means the credit union which will cease to exist as an operating credit union at the time of the merger.

(c) *State credit union* means any credit union organized and operated according to the laws of any state, the several territories and possessions of the United States, or the Commonwealth of Puerto Rico. Accordingly, *state authority* means the appropriate state or territorial regulatory or supervisory authority for any such credit union.

(d) *Federally-insured* means insured by the Board through the National Credit Union Share Insurance Fund (NCUSIF).

(e) *Nonfederally-insured* means insured by a private or cooperative insurance fund or guaranty corporation organized or chartered under state law.

(f) *Uninsured* means there is no share or deposit insurance available on the credit union accounts.

(g) The terms *terminate*, *termination* and *terminating*, when used in reference to insurance, refer to the act of canceling Federal insurance and mean that the credit union will become uninsured.

(h) The term *convert*, *conversion* and *converting*, when used in reference to insurance, refer to the act of canceling Federal insurance and simultaneously obtaining share or deposit insurance from another insurance carrier. They mean that after cancellation of Federal insurance the credit union will be non-federally insured.

### Subpart A—Mergers

#### § 708b.101 Mergers generally.

(a) In any case where a merger will result in the termination of Federal insurance or conversion to nonfederal insurance, the merging credit union must comply with the provisions of subpart B in addition to this subpart A.

(b) No federally-insured credit union shall merge with any other credit union without the prior written approval of the Board.

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(c) Where the continuing credit union is a Federal credit union, there must be compliance with the chartering policies of the Board.

(d) Where the continuing or merging credit union is a state credit union, the merger must be permitted by state law or authorized by the state authority.

### **§ 708b.102 Special provisions for Federal insurance.**

(a) Where the continuing credit union is federally insured, an NCUSIF deposit and a prorated insurance premium (unless waived in whole or in part for all insured credit unions during that year) will be assessed on the additional share accounts insured as a result of the merger of a nonfederally-insured or uninsured credit union with a federally-insured credit union.

(b) Where the continuing credit union is nonfederally insured or uninsured but desires to be federally insured as of the date of the merger, an application shall be submitted to the appropriate Regional Director when the merging credit union requests approval of the merger proposal. An NCUSIF deposit and a prorated insurance premium (unless waived in whole or in part for all insured credit unions during that year) will be assessed on any additional share accounts insured as a result of the merger.

(c) Where the continuing credit union is nonfederally insured or uninsured and does not make application for insurance, but the merging credit union is federally insured, the continuing credit union is entitled to a refund of the merging credit union's NCUSIF deposit and to a refund of the unused portion of the NCUSIF share insurance premium (if any). If the continuing credit union is uninsured, the refund will be made only after expiration of the one-year period of continued insurance coverage noted in paragraph (e) of this section.

(d) Where the continuing credit union is nonfederally insured, NCUSIF insurance of the member accounts of a merging federally-insured credit union ceases as of the effective date of the merger. (Refer to subpart B, §§ 708b.203 and 708b.204 and subpart C, § 708b.302(b).)

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(e) Where the continuing credit union is uninsured, NCUSIF insurance of the member accounts of the merging federally-insured credit union will continue for a period of one year, subject to the restrictions in section 206(d)(1) of the Act as noted in the Notice of Termination set forth in § 708b.301(b)(3). (Refer to subpart B, §§ 708b.201 and 708b.202, and subpart C, § 708b.301(b).)

[52 FR 12374, Apr. 16, 1987. Redesignated at 59 FR 48792, Sept. 23, 1994 and amended at 59 FR 67620, Dec. 30, 1994]

### **§ 708b.103 Preparation of merger plan.**

(a) Upon the approval of a proposition for merger by the boards of directors of the credit unions, a plan for the proposed merger shall be prepared. The plan shall include:

- (1) Current financial reports;
- (2) Current delinquent loan schedules annotated to reflect collection problems;
- (3) Combined financial report;
- (4) Analyses of share values;
- (5) Explanation of any proposed share adjustments;
- (6) Explanation of any provisions for reserves, undivided earnings or dividends;
- (7) Provisions with respect to notification and payment of creditors;
- (8) Explanation of any changes relative to insurance such as life savings and loan protection insurance and insurance of member accounts;
- (9) Provisions for determining that all assets and liabilities of the continuing credit union will conform with the requirements of the Act (where the continuing credit union is a Federal credit union); and
- (10) Proposed charter amendments (where the continuing credit union is a Federal credit union). These amendments, if any, will usually pertain to the name of the credit union and the definition of its field of membership.

### **§ 708b.104 Submission of merger proposal to NCUA.**

(a) Upon approval of the merger plan by the boards of directors of the credit unions, the following information will be submitted to the Regional Director:

- (1) The merger plan, as described in this part;

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(2) Resolutions of the boards of directors;

(3) Proposed Merger Agreement;

(4) Proposed Notice of Special Meeting of the Members (for merging Federal credit unions);

(5) Copy of the form of Ballot to be sent to the members (for merging Federal credit unions);

(6) Evidence that the state's supervisory authority is in agreement with the merger proposal (for states which require such agreement prior to NCUA approval); and

(7) Application and Agreement for Insurance of Member Accounts (for continuing state credit unions desiring to become federally insured).

### § 708b.105 Approval of merger proposal by NCUA.

(a) In any case where the continuing credit union is federally insured, and the merging credit union is nonfederally insured or uninsured, a determination shall be made by NCUA as to the potential risk to the National Credit Union Share Insurance Fund (NCUSIF).

(b) If NCUA finds that the merger proposal complies with the provisions of this part and does not present an undue risk to the NCUSIF, it may approve the proposal subject to such other specific requirements as may be prescribed to fulfill the intended purposes of the proposed merger. In the event NCUA determines that the merging credit union, if it is a Federal credit union, is in danger of insolvency, and that the proposed merger would reduce the risk or avoid a threatened loss to the National Credit Union Share Insurance Fund, NCUA may permit the merger to become effective without an affirmative vote of the membership of the merging Federal credit union, notwithstanding the provisions of § 708b.106; *Provided*, That the continuing credit union is federally insured.

(c) Any proposed charter amendments for a continuing Federal credit union will be approved contingent upon the completion of the merger.

[52 FR 12374, Apr. 16, 1987. Redesignated at 59 FR 48792, Sept. 23, 1994 and amended at 59 FR 67620, Dec. 30, 1994]

### § 708b.106 Approval of the merger proposal by members.

(a) When the merging credit union is a Federal credit union, the members shall:

(1) Have the right to vote on the merger proposal in person at the annual meeting, if within 60 days after NCUA approval, or at a special meeting to be called within 60 days of such approval, or by mail ballot, received no later than the date and time announced for the annual meeting or the special meeting called for that purpose.

(2) Be given advance notice of the meeting at which the merger proposal is to be submitted, in accordance with the provisions of article V, Meetings of Members, Federal Credit Union By-laws. The notice shall:

(i) Specify the purpose of the meeting and the time and place;

(ii) Include a summary of the merger plan, which shall contain, but not necessarily be limited to, current financial reports for each credit union, a combined financial report for the continuing credit union, analyses of share values, explanation of any proposed share adjustments, explanation of any changes relative to insurance such as life savings and loan protection insurance and insurance of member accounts (refer to subpart B, §§ 708b.202 and 708b.204);

(iii) State reasons for the proposed merger;

(iv) Provide name and location (to include branches) of the continuing credit union;

(v) Inform the members that they have the right to vote on the merger proposal in person at the meeting or by written ballot to be received no later than the date and time announced for the annual meeting or the special meeting called for that purpose; and

(vi) Be accompanied by a Ballot for Merger Proposal.

(b) The proposal to merge a Federal credit union into a federally-insured credit union must be approved by an affirmative vote of a majority of the members of the merging credit union who vote on the proposal. If the continuing credit union is uninsured, the voting requirements of § 708b.201(c) apply; if it is nonfederally insured, the

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voting requirements of § 708b.203(c) apply.

[52 FR 12374, Apr. 16, 1987. Redesignated at 59 FR 48792, Sept. 23, 1994 and amended at 59 FR 67620, Dec. 30, 1994]

### **§ 708b.107 Certificate of vote on merger proposal.**

The board of directors of the merging Federal credit union shall certify the results of the membership vote to the Regional Director within 10 days after the vote is taken.

### **§ 708b.108 Completion of merger.**

(a) Upon approval of the merger proposal by NCUA and by the state supervisory authority (where the continuing or merging credit union is a state credit union) and by the members of each credit union where required, action may be taken to complete the merger.

(b) Upon completion of the merger, the board of directors of the continuing credit union shall certify the completion of the merger to the Regional Director within 30 days after the effective date of the merger.

(c) Upon NCUA's receipt of certification that the merger has been completed, then the charter of the merging Federal credit union (if applicable) and the insurance certificate of any merging federally-insured credit union will be canceled.

## **Subpart B—Voluntary Termination or Conversion of Insured Status**

### **§ 708b.201 Termination of insurance.**

(a) A state credit union may terminate Federal insurance, if permitted by state law, either on its own or by merging into an uninsured credit union.

(b) A Federal credit union may terminate Federal insurance only by merging into, or converting its charter to, an uninsured state credit union.

(c) Termination of insurance must be approved by the affirmative vote of a majority of the credit union's members. The credit union must notify the Board, through the Regional Director, in writing at least 90 days prior to termination and the membership vote must have been obtained within one year prior to giving the Board notice.

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(d) No federally-insured credit union shall terminate Federal insurance without the prior written approval of the Board. The Board will approve or disapprove the termination in writing within 90 days after being notified by the credit union.

### **§ 708b.202 Notice to members of termination of insurance.**

(a) When a federally-insured credit union proposes to terminate Federal insurance, including termination due to a merger or conversion of charter, it shall provide its members with written notice of the proposal to terminate and of the date set for the membership vote. The Notice of Proposal shall be as set forth in either § 708b.301 (a)(1) or (b)(1), or as provided in § 708b.301(c), as the circumstances warrant.

(b) The notice shall be delivered in person to each member, or mailed to each member at the address for such member as it appears on the records of the credit union, not more than 30 nor less than 7 days prior to the date of the vote. The membership shall be given the opportunity to vote by mail ballot. The ballot to be used shall be as set forth in either § 708b.301 (a)(2) or (b)(2), as the circumstances warrant. The notice of the proposal and the ballot may be provided to members at the same time.

(c) If the proposition for termination of insurance is approved by the membership and the Board, prompt and reasonable notice of termination shall be given to all members in the form set forth in either § 708b.301(a)(3) or (b)(3), as the circumstances warrant.

[52 FR 12374, Apr. 16, 1987. Redesignated at 59 FR 48792, Sept. 23, 1994 and amended at 59 FR 67620, Dec. 30, 1994]

### **§ 708b.203 Conversion of insurance.**

(a) A federally-insured state credit union may convert to nonfederal insurance, if permitted by state law, either on its own or by merging into a nonfederally-insured credit union.

(b) A Federal credit union may convert to nonfederal insurance only by merging into, or converting its charter to, a nonfederally-insured state credit union.

(c) Conversion of Federal to nonfederal insurance must be approved by

an affirmative vote of a majority of the credit union's members who vote on the proposition, provided at least 20 percent of the total membership participates in the voting. The credit union must notify the Board, through the Regional Director, in writing at least 90 days prior to conversion. Notice to the Board may be given when membership approval is solicited or after membership approval is obtained.

(d) No federally-insured credit union shall convert to nonfederal insurance without the prior written approval of the Board. The Board will approve or disapprove the conversion in writing within 90 days after being notified by the credit union.

**§ 708b.204 Notice to members of conversion of insurance.**

(a) When a federally-insured credit union proposes to convert to nonfederal insurance, including conversion due to a merger or conversion of charter, it shall provide its members with written notice of the proposal to convert and of the date set for the membership vote. Notice of the proposal shall be as set forth in either § 708b.302 (a)(1) or (b)(1), or as provided in § 708b.302(c), as the circumstances warrant.

(b) The notice shall be delivered in person to each member, or mailed to each member at the address for such member as it appears on the records of the credit union, not more than 30 nor less than 7 days prior to the date for the vote. The membership shall be given the opportunity to vote by mail ballot. The ballot to be used for the membership vote shall be as set forth in either § 708b.302 (a)(2) or (b)(2), as the circumstances warrant. The notice of the proposal and the ballot may be provided to the members at the same time.

(c) If the proposition for conversion of insurance is approved by the membership and the Board, prompt and reasonable notice shall be given to all members in the form set forth in either § 708b.302 (a)(3) or (b)(3), as the circumstances warrant.

[52 FR 12374, Apr. 16, 1987. Redesignated at 59 FR 48792, Sept. 23, 1994 and amended at 59 FR 67620, Dec. 30, 1994]

**Subpart C—Forms**

**§ 708b.301 Termination of insurance.**

(a) A federally-insured state credit union shall use the following language for purposes of terminating Federal insurance:

(1) *Notice of Proposal to Terminate Federal Insurance*

(Date) \_\_\_\_\_

The Board of Directors of \_\_\_\_\_ Credit Union has approved a proposition to terminate Federal share (deposit) insurance, (\$100,000, provided by the National Credit Union Administration (NCUA), an agency of the Federal Government). Termination of Federal insurance may only take place upon approval by a majority of our members. The membership vote will be taken on (date). (Add directions regarding membership meeting and/or mail ballot.)

If approved, any deposits made by you after the date of termination, either new deposits or additions to existing accounts, will not be insured by the NCUA or any other entity. In the event the credit union fails, these deposits are not insured by the federal government. No provision has been made for alternative insurance, therefore, these deposits will be uninsured.

Accounts in the Credit Union on the day of termination, up to a maximum of \$100,000 for each member, will continue to be insured, as provided in the Federal Credit Union Act, for one (1) year after the close of business on the day of termination, but any withdrawals after the close of business on that date will reduce the insurance coverage by the amount of the withdrawal.

(2) The ballot for obtaining membership approval to terminate Federal insurance shall contain the following language:

This ballot must be received by the Credit Union by (date for vote).

I understand that if termination of Federal insurance is approved, any new deposits or additions to existing accounts made by me will not be insured by the National Credit Union Administration, an agency of the Federal Government. I also understand that my accounts in the Credit Union on the date of termination, up to a maximum of \$100,000, will continue to be insured for one (1) year after the date of termination, but that any withdrawals after the date of termination will reduce the insurance coverage by the amount of the withdrawal.

☐ Approve termination of insurance.

☐ Do not approve termination of insurance.

Signed \_\_\_\_\_

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Member's Name \_\_\_\_\_

Date \_\_\_\_\_

**(3) Notice of Termination**

(Date) \_\_\_\_\_

1. The status of the \_\_\_\_\_ as an insured credit union under the provisions of the Federal Credit Unions Act will terminate as of the close of business on the \_\_\_\_\_ day of \_\_\_\_\_.

2. Any deposits made by you after that date, either new deposits or additions to existing accounts, will not be insured by the National Credit Union Administration.

3. Accounts in the Credit Union on the \_\_\_\_\_ day of \_\_\_\_\_, up to a maximum of \$100,000 for each member, will continue to be insured, as provided by the Federal Credit Union Act, for one (1) year after the close of business on the \_\_\_\_\_ day of \_\_\_\_\_; Provided, however, that any withdrawals after the close of business on the \_\_\_\_\_ day of \_\_\_\_\_, will reduce the insurance coverage by the amount of such withdrawals.

(Name of Credit Union)

(Address)

(b) A federally-insured credit union that is merging with an uninsured credit union shall use the following language for purposes of terminating Federal insurance:

**(1) Notice of Proposal to Merge and Terminate Federal Insurance**

The Board of Directors of (merging) Credit Union has approved a proposition to merge the Credit Union into the (continuing) Credit Union. The merger must be approved by a majority of the members of (merging) Credit Union. The membership vote will be taken on (date). (Add directions regarding membership meeting and/or mail ballot.)

If the membership approves the merger, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, (NCUA), an agency of the Federal Government) will be affected as follows:

Any deposits made by you after the effective date of the merger, either new deposits or additions to existing accounts, will not be insured by the NCUA or any other entity. In the event the credit union fails, these deposits are not insured by the federal government. No provision has been made for alternative insurance, therefore, these deposits will be uninsured. Accounts in the *merging* Credit Union on the date of the merger, up to a maximum of \$100,000 for each member, will continue to be insured, as provided in the Federal Credit Union Act, for one (1) year after the close of business on the date of the merger, but any withdrawals after the close

of business on that date will reduce the insurance coverage by the amount of the withdrawal.

(2) The language for the ballot set forth in paragraph (a)(2) of this section, modified by substituting "the merger and termination" in lieu of "termination" each time it appears on the ballot, shall be used for obtaining membership approval to merge and terminate Federal insurance.

**(3) Notice of Merger and Termination of Federal Insurance**

1. The merger of the (merging) Credit Union into the (continuing) Credit Union has been approved, effective (date).

2. The status of the (merging) Credit Union as an insured credit union under the provisions of the Federal Credit Union Act will terminate as of the close of business on the \_\_\_\_\_ day of \_\_\_\_\_ (day preceding merger date).

3. Any deposits made by you after that date, either new deposits or additions to existing accounts, will not be insured by the National Credit Union Administration.

4. Accounts in the Credit Union on the \_\_\_\_\_ day of \_\_\_\_\_, (day preceding merger date), up to a maximum of \$100,000 for each member, will continue to be insured, as provided by the Federal Credit Union Act, for one (1) year after close of business on the \_\_\_\_\_ day of \_\_\_\_\_ (day preceding merger date); Provided, however, that any withdrawals after the close of business on the \_\_\_\_\_ day of \_\_\_\_\_, (day preceding merger date), will reduce the insurance coverage by the amount of such withdrawals.

(Name of Credit Union)

(Address)

(c) A Federal credit union that is converting its charter to that of an insured state credit union shall use the language contained in paragraph (a) of this section, but shall modify the language in paragraph (a)(1) of this section to indicate that it is converting its charter and terminating Federal insurance.

[52 FR 12374, Apr. 16, 1987, as amended at 54 FR 43280, Oct. 24, 1989; 63 FR 10519, Mar. 4, 1998]

**§ 708b.302 Conversion of insurance.**

(a) A federally-insured state credit union shall use the following language for purposes of converting from Federal insurance to nonfederal insurance:

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### (1) *Notice of Proposal to Convert to Nonfederally-Insured Status*

The Board of Directors of \_\_\_\_\_ Credit Union has approved a proposition to convert from Federal share (deposit) insurance to nonfederal insurance. The conversion must be approved by a majority of the members who vote on the proposal and at least 20% of the entire membership must participate in the vote. The membership vote will be taken on (date). (Add directions regarding membership meeting and/or mail ballot.)

If the membership approves the conversion, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate on the effective date of the conversion. Shares (deposit) in the \_\_\_\_\_ Credit Union will be insured up to \$ \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_. The insurance provided by the National Credit Union Administration, an independent agency of the United States, is backed by the full faith and credit of the United States government. The private insurance you will receive from \_\_\_\_\_ is not guaranteed by the Federal or any State government.

(2) The ballot to obtain membership approval of the conversion shall contain the following language:

This ballot must be received by the Credit Union by (date for vote).

I understand that, if the conversion of insurance is approved, the share (deposit) insurance that I now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate upon the effective date of the conversion and my shares will be insured up to \$ \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_. The private insurance provided by \_\_\_\_\_ is not backed by the full faith and credit of the United States government as is the Federal insurance provided by the National Credit Union Administration.

☐ Approve conversion of insurance.

☐ Do not approve conversion of insurance.

Signed \_\_\_\_\_

Member's Name

Date \_\_\_\_\_

### (3) *Notice of Conversion*

(Date) \_\_\_\_\_

1. The status of the \_\_\_\_\_ as an insured credit union under the provisions of the Federal Credit Union Act will cease as of the close of business on the \_\_\_\_\_ day of \_\_\_\_\_.

2. As of that date, your deposits will no longer be insured by the National Credit Union Share Insurance Fund.

3. Accounts in the credit union will be insured up to \$ \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.  
(Name of Credit Union)  
(Address)

(b) A federally-insured credit union that is merging with a nonfederally-insured credit union shall use the following language for purposes of converting from Federal to nonfederal insurance:

### (1) *Notice of Proposal to Merge and Convert to Nonfederally-Insured Status*

The Board of Directors of (merging) Credit Union has approved a proposition to merge the Credit Union into (continuing) Credit Union. The merger must be approved by a majority of the members of (merging) Credit Union who vote on the proposal and at least 20% of the entire membership must participate in the vote. The membership vote will be taken on (date) (Add directions regarding membership meeting and/or mail ballot.)

If the membership approves the merger, the share (deposit) insurance you now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate on the effective date of the merger. Shares (deposit) in the (continuing) Credit Union will be insured up to \$ \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_. The insurance provided by the National Credit Union Administration, an independent agency of the United States, is backed by the full faith and credit of the United States government. The private insurance you will receive from \_\_\_\_\_ is not guaranteed by the Federal or any State government.

(2) The ballot to obtain membership approval shall contain the following language:

This ballot must be received by the Credit Union by (date for vote).

I understand that if the merger of the (merging) Credit Union into the (continuing) Credit Union is approved, the share (deposit) insurance that I now have (up to \$100,000 provided by the National Credit Union Administration, an agency of the Federal Government) will terminate upon the effective date of the merger and my shares in the (continuing) Credit Union will be insured up to \$ \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_. The private insurance provided by \_\_\_\_\_ is not backed by the full faith and credit of the United States government as is the federal insurance provided by the National Credit Union Administration.

☐ Approve merger and conversion of insurance.

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[ ] Do not approve merger and conversion of insurance.

Signed \_\_\_\_\_  
Member's Name  
Date \_\_\_\_\_

#### (3) *Notice of Merger and Conversion of Insured Status*

(Date) \_\_\_\_\_  
1. The merger of the (merging) Credit Union into the (continuing) Credit Union has been approved, effective (date).  
2. As of that date, your shares (deposit) are no longer insured by the National Credit Union Administration.  
3. Accounts in the (continuing) Credit Union will be insured up to \$ \_\_\_\_\_ by \_\_\_\_\_, a corporation chartered by the State of \_\_\_\_\_.  
(Name of Credit Union)  
(Address) \_\_\_\_\_

(c) A Federal credit union that is converting its charter to that of a non-federally-insured credit union shall use the language contained in paragraph (a) of this section, but shall modify the language in paragraph (a)(1) of this section to indicate that it is converting its charter and converting from Federal insurance.

[52 FR 12374, Apr. 16, 1987, as amended at 54 FR 43280, Oct. 24, 1989; 63 FR 10519, Mar. 4, 1998]

#### § 708b.303 Modifications to notice.

(a) Any modifications or additions to the notices or ballot concerning insurance coverage, and any additional communications concerning insurance coverage included with the notices or ballot, may be made with the approval of the Regional Director and, in the case of a state credit union, the appropriate state authority. Approval of such modifications, additions or additional communications will not be withheld unless it is determined that the credit union, by inclusion or omission of information, would materially mislead or misinform its membership.

(b) Federally-insured state credit unions may include additional language in the notice and ballot regarding state requirements for mergers, where appropriate.

[52 FR 12374, Apr. 16, 1987, as amended at 54 FR 43280, Oct. 24, 1989]

### 12 CFR Ch. VII (1–1–05 Edition)

## PART 709—INVOLUNTARY LIQUIDATION OF FEDERAL CREDIT UNIONS AND ADJUDICATION OF CREDITOR CLAIMS INVOLVING FEDERALLY INSURED CREDIT UNIONS IN LIQUIDATION

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AUTHORITY: 12 U.S.C. 1757, 1766, 1767, 1786(h), 1787, 1788, 1789, 1789a.

SOURCE: 56 FR 56925, Nov. 7, 1991, unless otherwise noted.

#### § 709.0 Scope.

The rules and procedures in this part apply to charter revocations of federal credit unions under 12 U.S.C. 1787(a)(1)(A), (B), the involuntary liquidation and adjudication of creditor claims in all cases involving federally-insured credit unions, the treatment by the Board as conservator or liquidating agent of financial assets transferred in connection with a securitization or participation or of public funds held by a federally-insured credit union, and the allowance of prepayment fees to Federal Home Loan Banks under specified conditions. Remaining sections of this part are applicable to all federally insured credit unions. This part does not apply to share insurance claims